



Report to the Auburn City Council

Action Item

Agenda Item No. **10**

City Manager Approval

To: Mayor and City Council Members

From: Bernie Schroeder, Engineering Division Manager
Megan Siren, Administrative Analyst

Date: February 22, 2010

Subject: Recology Auburn Placer - Solid Waste Franchise Agreement Amendment

The Issue

Shall the City approve an amendment to the Solid Waste Collection Services Agreement with Recology Auburn Placer?

Conclusion and Recommendation

Staff recommends BY RESOLUTION approves and authorizes the Director of Public Works to execute an Amendment to the Solid Waste Collection Services Agreement with Recology Auburn Placer.

Background

In June 2009, Staff brought forward an informational item on the surrounding jurisdictions and their current solid waste agreements to determine if there was an opportunity to partner in the region to create a joint powers agreement for solid waste to get the lowest price and best quality of service regarding solid waste collection. Staff compiled information from the 3 local jurisdictions, Placer County, City of Rocklin and Town of Loomis that currently utilize franchise agreements and transport their solid waste to the Western Placer Waste Management Authority. The City of Roseville and the City of Lincoln are both municipality owned and operated services.

Jurisdiction	Company	Date Agreement Expires
Placer County	Recology Auburn Placer	June 30, 2016
City of Rocklin	Recology Auburn Placer	March 31, 2019
Town of Loomis	Recology Auburn Placer	June 30, 2024

Due to the multiple dates of expiration, it would be difficult to engage the other local jurisdictions to enter into a Joint Powers Agreement regarding solid waste at this point in time. As the surrounding jurisdictions' contracts expire, there might be an opportunity to partner in the future.

Solid Waste Collection

Recology Auburn Placer (Recology) is the solid waste hauler for the City of Auburn. They operate under a franchise agreement which will expire June 30, 2010. Recology's current franchise agreement gives them the exclusive right to solid waste and recycling collection in the City of

Auburn including residential, commercial and construction debris. Recology under the current franchise agreement offers once a week solid waste and green waste container pickup to City residents. Recology performs their obligations to the City in an exceptionally friendly manner and are responsive to City staff and residents requests and concerns. Recology responds to citizens' requests and issues with customer service as their primary goal. Since Recology owns and operates the Auburn Transfer Station and currently holds the surrounding jurisdictions' franchise agreements, Recology has economy of scale and efficiency over other companies. With the assistance of Recology, the City has remained in compliance with AB 939 and SB 1016 and as new laws and regulations have been implemented Recology has been willing to assist as needed.

Recology has requested an amendment to their existing contract to extend the contract to June 30, 2017; a 7 year extension to their current contract. Staff has worked with Recology to develop a list of key issues that provided a framework for an amendment to the Solid Waste Collection Agreement. (See Attached Amendment)

KEY ISSUES:

NEW PROGRAMS

- Residential Curbside Universal Waste Collection Program
 - Available to residents one time per month
 - Customers will call in to Recology and schedule a pick-up time for their Universal Waste
 - Universal Waste is defined for this service to include: household batteries, mercury thermometers, fluorescent lamps and electronic devices including televisions and computer monitors, computers, printers, VCRs, cell phones, telephones, radios, portable DVD players with video screens, and microwave ovens; but does not include large appliances.
- Residential Curbside and Drop-Off location(s) for Residential Fats, Oils & Greases
 - Customers will be able to call once per month for a pick up
 - Customers will have the availability of dropping off residential fats, oils and greases at a public site (i.e. Transfer Station).
- Household battery drop off locations at local businesses in the City of Auburn
 - Recology Auburn Placer will utilize an universal waste curbside truck will regularly service these locations
- Prescription Drug Take Back Program
 - Partner with the City to expand the program to a minimum of two events per year
 - Recology Auburn Placer to fund the public outreach & provide receptacles for the event
- Emergency Dead Animal Pick-Up
 - Call-out Service
- Sharps collection program at the Auburn Placer Transfer Station
- Provide public education regarding programs offered to City residents using items such as billing inserts, articles in the newspaper, website and informational flyers.

EXISTING PROGRAMS

- Drop off cardboard and newspaper recycling bins on Blocker Drive

- Drop of cardboard, newspaper and office paper bins at City Hall
- Free debris box service at the Wastewater Treatment Facility on Ophir Rd
- Free weekly front-loader service for Wastewater Treatment Facility on Ophir Rd
- Free weekly front-loader service for Auburn Municipal Airport
- Provide pickup of recyclables and trash from the receptacles in the Downtown and Old Town areas
- Provide pickup of trash from the receptacles in the Streetscape Project
- Provide pickup of trash from the receptacles in the School Park Preserve

Recology is still committed to continuing programs already in the contract, such as the Annual Clean-Up Day, Low-Income Rate and Recycle Drop Off bins located on Blocker Drive and at City Hall.

PROPOSED TERM

The proposed term of the new contract is proposed to be a base term of 7 years from July 1, 2010 to July 1, 2017. In addition to the base term, there was a negotiated optional extension which allows for an additional 5 year extension by mutual consent of both parties in writing at least 120 days prior to the expiration date of the initial contract. The optional extension must be approved by the City Council to become effective.

PROPOSED RATES

Recology has agreed to no increases to the base rate associated with the new services provided for the term of the contract (until June 30, 2017). Recology has also agreed to not implement any Consumer Price Index (CPI) adjustments for the 2009 and 2010 year. The CPI adjustment will be available to Recology to implement, upon Council action, after 2010.

FRANCHISE FEE ALLOCATION

In addition to service changes, staff is proposing a temporary change in the allocation between the Franchise Fee and the Auburn Disposal Site Surcharge. Currently, the franchise fee is 14.71% with 4.71% going into the Auburn Disposal Site Surcharge (closed landfill fund) and 10% going into the general fund. Staff proposes changing the allocation to the closed landfill fund from 4.71% to 1.51% and change the allocation going to the general fund from 10% to 13.2%. The allocation of the Franchise Fee and the Auburn Disposal Site Surcharge will be evaluated each May and changed as needed. After 3 years, the Franchise Fee and the Auburn Disposal Site Surcharge will automatically return to the following allocation:

The Franchise Fee will be 10%

The Auburn Disposal Site Surcharge will be 4.71%

The Auburn Disposal Site Surcharge was created to fund the maintenance of Auburn's Closed Landfill located on the West end of the Airport Runway.

RATE COMPARISON

With the assistance from Recology and the Sacramento Regional Recycle Group, staff has provided solid waste rate comparisons. The rate comparisons are from the Sacramento region and include a multitude of different waste haulers and their current rates. The rate comparison information is important information allowing for the community to evaluate their current solid waste rate amongst

other surrounding jurisdictions. The City of Auburn's current solid waste rate is comparable with the surrounding jurisdictions and is tends to be below the surrounding jurisdictions' average rate.

Alternatives Available to Council; Implications of Alternatives

1. Accept Staff Recommendations
2. Direct staff to prepare bid documents and do a request for proposals
3. Take No Action

Fiscal Impact

The City General Fund and Closed Landfill fund receives franchise fee revenues from the collected Franchise Fees which are calculated as a percentage of Recology's revenues. Currently, the General Fund receives approximately \$280,000 - \$3000,000 and the Closed Landfill fund receives approximately \$140,000 per year. Accordingly, with the adjustment in the allocation of the percentage going to the General Fund and Closed Landfill fund, the General Fund will realize an increase in funding of approximately \$90,000.

Additional Information

The alternative to amending Recology's contract is to do a request for proposals for solid waste collection in the City of Auburn. Staff has determined that the cost to complete a request for proposals (RFP) would cost the City approximately \$35,000 plus staff time. Staff researched other jurisdictions that went out for a RFP for solid waste collection. The primary reason for other jurisdictions to implement an RFP was because they were not satisfied with the service their residents and businesses were getting with their current solid waste hauler.

Attachments:

Amendment to the Contract for Solid Waste Collection

Rate Comparisons by service type

Rate Comparison provided by Sacramento Regional Recycle Group – Available upon request

Resolution

AMENDMENT TO THE CONTRACT FOR SOLID WASTE COLLECTION
(City of Auburn / Recology Auburn Placer)

THIS AMENDMENT TO THE CONTRACT FOR SOLID WASTE COLLECTION ("Contract") is entered into by and between the **CITY OF AUBURN**, a California municipal corporation ("City") and **RECOLOGY AUBURN PLACER**, a California corporation ("Contractor").

WHEREAS the Parties have executed the Contract to grant the Contractor an exclusive franchise for the collection of refuse generated in the Franchise Area.

WHEREAS the Parties to this Contract intend to be bound by the terms and provisions of the Contract as amended herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, the Parties agree as follows:

1. AMENDMENTS

The following provisions of the Contract are amended as follows:

Section 5 of the Contract shall be amended to read: TERM. The term of this Contract shall begin on July 1, 2010, and terminate on July 1, 2017. Additionally, the parties shall have the option to renew this Contract for five (5) additional years by mutual consent on or before March 3, 2017. The Contractor acknowledges that any such extension must be approved by the City Council.

Section 7 of the Contract shall be amended to read: FRANCHISE FEE AND SURCHARGES. The following fees and surcharges shall be added to the base rates, included therein and collected therein, and shall be applied solely to the purposes set forth as follows:

(a) Franchise Fee between July 1, 2009 and July 1, 2013: For the annual privilege of exclusive collection rights within the City, Contractor shall pay to City on a quarterly basis an amount equal to 13.2 % of the annual gross revenues generated by Contractor within the Franchise Area. Each quarterly payment pursuant to this subdivision shall equal 3.3% of such prior calendar year's revenue.

(b) Franchise Fee between July 1, 2013 and July 1, 2017, and during the subsequent years, if this Contract is extended pursuant to Section 5 above: For the annual privilege of exclusive collection rights within the City, Contractor shall pay to City on a quarterly basis an amount equal to 10 % of the annual gross revenues generated by Contractor within the Franchise Area. Each quarterly payment pursuant to this subdivision shall equal 2.5% of such prior calendar year's revenue.

(c) Auburn Disposal Site Surcharge between July 1, 2010 and July 1, 2013: For the purpose of funding the costs associated with operating, maintenance, and administrative responsibilities for the closed Auburn Disposal Site which are assumed by Contractor under Section 3 of this Agreement ("Auburn Disposal Site costs"), a fee surcharge equal to 1.51% of total annual gross revenues shall be collected by Contractor. All such fees shall be retained by Contractor in a separate

interest-bearing trust account. Disbursement shall be made only upon written approval by City Council or City Manager or his designee solely for Auburn Disposal Site costs. Contractor shall provide a quarterly written report on the status of the account, detailing all revenues and expenditures to the City.

(d) Auburn Disposal Site Surcharge between July 1, 2013 and July 1, 2017, and during the subsequent years, if this Contract is extended pursuant to Section 5 above: For the purpose of funding Auburn Disposal Site costs, a fee surcharge equal to 4.71% of total annual gross revenues shall be collected by Contractor. All such fees shall be retained by Contractor in a separate interest-bearing trust account. Disbursement shall be made only upon written approval by City Council or City Manager or his designee solely for Auburn Disposal Site costs. Contractor shall provide a quarterly written report on the status of the account, detailing all revenues and expenditures to the City.

For the purpose of this section, "annual gross revenues" for any calendar year shall be deemed to equal the total amount of revenue collected by Contractor from generators of refuse within the Franchise Area during the immediately prior calendar year.

Section 9 of the Contract shall be amended to read: FEE AND SURCHARGE RATE CHANGES. All fees charged pursuant to Section 6 above shall be reasonable and set by the Contractor, subject to a cap approved by the City Council; provided however, that Council, either on its own motion or at the request of Contractor, shall have the power to order modifications of the rate ceiling at any time during the term of this contract, by resolution. However, the rate ceiling shall not be adjusted to account for the new services provided in the 2010 amendments to this Contract for the term of this Contract.

Rate hearings will be held once every two years, starting July 1, 2011, to reflect rate ceiling increases on July 1 of the hearing year with a provision to adjust the rate ceilings in the second year in accordance with a cost of living adjustment, the increase (not to exceed 4%). To determine such adjustment, existing rate ceilings will be multiplied by the most recent annual December to December change (increase or decrease) in the Consumer Price Index for the San Francisco Area.

At the time that a request for a change in the maximum permissible rates is presented to the City Council, Contractor agrees to provide a statement of the comparable rates to all the entities being served by Contractor and what the proposed rates or rate ceilings being requested from the entities being served by Contractor, and the Contract shall provide written documentation of the basis for any rate ceiling increase requested.

The Franchise Fee and the Auburn Disposal Site Surcharge set out in Section 7 above shall be reviewed annually by the City and Contractor in May of each year and adjusted as necessary. Such adjustments may be approved at any time by resolution of Council.

Section 19 of the Contract shall be amended to read: RECYCLING PROGRAMS. Contractor agrees to keep City advised as to any developments in recycling, hazardous waste or waste reduction programs, or significant technological advancements in collection, handling or disposal techniques, and to participate in such programs upon the agreement between City and Contractor as to appropriate

increase in the rate ceiling established under this Contract, if any, for Contractor's participation. Contractor agrees to reasonably cooperate with local civic organizations which desire to participate in a recycling program. The term "recycling" as used herein means any process which has as its goal the conversion of garbage, rubbish or salvageable waste into a usable product.

After receiving written notice from City, Contractor shall 1.) limit recycling activities to the collection or receipt of recyclable materials which have been separated prior to Contractor's collection or receipt of same, and 2.) deliver all such recyclable materials to the Western Placer Waste Management Authority Materials Recovery Facility, unless otherwise directed by City.

Contractor agrees to perform certain recycling and educational programs upon request by City, provided City obtains clearance from the Western Placer Waste Management Authority when necessary. In particular, the Contractor is responsible for maintaining the following minimum levels of service with no additional cost to the City, individual customers or rate payers as a group:

- a) Contractor shall place bins for collection of cardboard and newspapers on Blocker Drive and at City Hall. Bins shall be of sufficient size to prevent overflow of materials, and shall be serviced and maintained by Contractor for use by the general public.
- b) Contractor shall offer curbside collection of cardboard to commercial and institutional customers upon request by the customers. Fees for such service shall be limited to a rental charge reimbursing Contractor only for the cost of the bins, to be approved the City Council during the annual rate negotiations. Bins shall be of sufficient size to prevent overflow of materials, and shall be serviced and maintained by Contractor for use by customers.
- c) Contractor shall provide at least two convenient locations in the City where the general public can drop off white paper for recycling by Contractor.
- d) Contractor shall provide a "blue bag" collection program to all residential customers within the Franchise Area including apartments and condominiums which may be on a commercial bin type service consistent with past practice.

Under the blue bag program, Contractor shall collect recyclable materials at curbside from those residential customers who separate their wastes into the appropriate bags or bins under conditions established by the Contractor. Contractor shall not charge an additional fee to customers for bags of recyclable materials set out in general compliance with established procedures. Contractors must receive advance written approval from City before changing these procedures.

Unless rendered infeasible by market conditions or contamination problems, Contractor shall include glass, specified paper, newsprint, steel cans, aluminum cans, boxboard and PETE #1 and HDPE #2 plastics in their list of recyclable materials for the blue bag program. City shall have sole discretion in determining whether collection of any of these listed materials is infeasible.

Contractor shall be responsible for marketing the program and shall deliver all blue bags to the Western Placer Waste Management Authority Materials Recovery Facility to be processed with other refuse. Contractor shall provide bags used in the program free of additional charge to customers upon their request and to the City for distribution from designated City facilities. Contractor shall provide the

heaviest grade of blue bags currently available but in no event shall said blue bags be less than 1.75 mils thick.

e) Contractor shall offer a thirty minute class room presentation on the "3-Rs" (reduce, reuse, recycle) which emphasis on the blue bag program to all public elementary schools within the City each year. Upon request by any school within the City, Contractor shall also assist in setting up source separation programs.

f) Contractor shall conduct waste audits at the request of business and institutional customers who wish to reduce their generation of garbage. Contractor shall effectively advertise this service, and shall consult with at least ten customers each year within the City.

g) Contractor shall provide debris collection at the Wastewater Treatment Facility on 10725 Ophir Rd.

h) Contractor shall collect prescription drugs at least two times per year and be responsible for providing receptacles and marketing this service.

i) Contractor shall provide household battery collection for customers from local businesses in the City, servicing such locations regularly with a universal waste curbside truck.

j) Contractor shall provide sharp items collection from the Auburn Transfer Station.

k) Contractor shall operate a phone-line for customers to call and schedule the following services:

a. Emergency dead animal collection.

b. Monthly universal waste collection, including, but not limited, to household batteries, mercury thermometers, fluorescent lamps and electronic devices including television and computer monitors, computers, printers, VCRs, cell phones, telephones, radios, portable DVD players with video screens, and microwave ovens. The universal waste collection is not intended for large appliances.

c. Residential fats, oils, and greases collection. However, customers will also have the option to dispose of residential fats, oils, and greases for collection at the Auburn Transfer Station or some other public site.

l) Contractor shall market all the recycling services online and by billing inserts, newspaper advertisements, informational flyers, and other means.

m) Contractor shall continue to accept used motor oils, batteries, and to recycle latex paint turned in at the Auburn Transfer Station. City and non-profit agencies within the service area shall be offered the recycled paints at no charge prior to Contractor disposing of them elsewhere.

The rights and obligations of the City and Contractor under the Contract shall not be amended, altered, or otherwise revised except as expressly provided for herein and all other terms of the Contract shall remain in full force and effect.

TO EFFECTUATE THIS CONTRACT, the Parties have caused their duly authorized representatives to execute this Contract on the dates set forth below.

CITY OF AUBURN,
A Municipal Corporation

Reviewed as to Form:

By:

Michael Colantuono, City Attorney

Jack Warren, Director of Public Works

Joseph G. R. Labrie, City Clerk

RECOLOGY AUBURN PLACER,
a California Corporation

By:

Printed name:

Title:

By:

Printed name:

Title:

EXHIBIT "A"

City of Auburn
City Facility Solid Waste Collection Points

<u>Location</u>	<u>No.</u>	<u>Size</u>	<u>Frequency</u>
City Hall, 1225 Lincoln Wy	1	7 yd	1 X Week
Police Dept, 1215 Lincoln Wy	1	3 Yd	1 X Week
WWTP, 10725 Ophir Rd	1	2 Yd	1 X Week
Airport, 2409 Rickenbacker Wy	1	Toter	1 X Week
Airport, 13630 New Airport Rd	1	Toter	1 X Week
Corporation Yard, 11500 Blocker Dr	1	2 Yd	1 X Week
Geitzen Fire Station, 226 Sacramento	1	4 Yd	1 X Week
Martin Park Fire Station, 485 High St	2	Toter	1 X Week
Maidu Fire Station, 901 Auburn Folsom	2	Toter	1 X Week

Weed abatement dumping (City property only): No Charge at Transfer Station

Various Public Receptacles	64	30 Gal	1 X Week
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(Primarily located in Downtown, Old Town, School Park Preserve, Streetscape & Transit Shelters)

RESIDENTIAL GARBAGE SERVICE COMPARISON

CAN (MINIMUM) SERVICE

2010

CITY OF ROCKLIN	13.04
TOWN OF LOOMIS	12.19
CITY OF AUBURN	16.68
EL DORADO COUNTY (FOOTHILL)	18.74
GRASS VALLEY	17.34
CITY OF ROSEVILLE	22.70 (no minimum service)
CITY OF DAVIS	28.87 (no minimum service)
PLACER COUNTY	16.74
VACAVILLE SANITARY	24.85 (no minimum service)
TAHOE-TRUCKEE AREA (SIERRA AREA)	20.87
CITY OF COLFAX	16.14
NEVADA COUNTY	22.62 (includes parcel fee)
NAPA COUNTY	21.30
COLUSA COUNTY	13.45
WILLIAMS	26.42 (no minimum service)
AVERAGE	19.47

RESIDENTIAL GARBAGE SERVICE COMPARISON

TOTER SERVICE

2010

CITY OF ROCKLIN	24.11
TOWN OF LOOMIS	23.76
CITY OF AUBURN	27.19
EL DORADO COUNTY (FOOTHILL)	28.76
GRASS VALLEY (COUNTY)	36.15
CITY OF ROSEVILLE	22.70 (effective 4/1/10)
CITY OF DAVIS	28.87
PLACER COUNTY	29.08
VACAVILLE SANITARY	24.85
TAHOE-TRUCKEE AREA (SIERRA AREA)	34.75
CITY OF COLFAX	35.23 (3 can, no toter)
NEVADA COUNTY	41.62 (includes parcel fee)
NAPA COUNTY	69.09
COLUSA COUNTY	28.08 (no green waste toter)
WILLIAMS	26.42 (green waste toter)
AVERAGE	32.05

COMMERCIAL GARBAGE SERVICE COMPARISON

4 YARD SERVICE, ONCE PER WEEK

2010

CITY OF ROCKLIN	285.76
TOWN OF LOOMIS	271.44
CITY OF AUBURN	289.96
EL DORADO COUNTY (FOOTHILL)	269.10
GRASS VALLEY (COUNTY)	403.99
CITY OF ROSEVILLE	161.58 (effective 4/1/10)
CITY OF DAVIS	272.97
PLACER COUNTY	307.22
VACAVILLE SANITARY	452.57
TAHOE-TRUCKEE AREA (SIERRA AREA)	338.73
CITY OF COLFAX	278.13
NEVADA COUNTY	410.93 (does not include additional tonnage fee for customers)
NAPA COUNTY	422.87
COLUSA COUNTY	200.54 (no commercial recycling)
WILLIAMS	186.22 (no commercial recycling)
AVERAGE	303.47

LANDFILL FEE PER TON

2010

EL DORADO COUNTY	62.62 per ton
VACAVILLE	45.00 per ton
DAVIS	37.08 per ton
TAHOE-TRUCKEE	77.50 per ton
GRASS VALLEY	63.77 per ton
WESTERN PLACER LANDFILL	68.00 per ton
NAPA COUNTY	54.00 per ton
COLUSA COUNTY & WILLIAMS	71.49 per ton
NEVADA COUNTY	72.00 per ton
AVERAGE	61.28 per ton

1 RESOLUTION NO. 10-
2 RESOLUTION AUTHORIZING AN AMENDMENT TO THE SOLID WASTE
3 COLLECTION SERVICES AGREEMENT
4 -----

5 THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

6 That the City Council of the City of Auburn does hereby authorize the
7 Director of Public Works to execute an Amendment to the Solid Waste
8 Collection Services Agreement with Recology Auburn Placer.

9
10 A true and correct copy of said Amendment is attached hereto as Exhibit "A."

11
12 DATED: February 22, 2010

13
14 Bridget Powers, Mayor

15 ATTEST:

16 Joseph G. R. Labrie, City Clerk

17 I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify
18 that the foregoing resolution was duly passed at a regular session meeting of
19 the City Council of the City of Auburn held on the 22nd day of February 2010
20 by the following vote on roll call:

21 Ayes:

22 Noes:

23 Absent:

24 Joseph G. R. Labrie, City Clerk
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